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Order of the Chief of Administration of the SMA of the State of Thuringia, Weimar

Number 128

6 June 1947

Re: Functioning of the state-owned and municipal enterprises.

Despite several written and oral orders and explanations to Dr. Appell, minister of economy, labor, and transportation, the functioning of the state-owned enterprises and their chief administrations is still obviously unsatisfactory.

Order #10/1045, 1 March 1947, has not been fulfilled. The chief administration of the state-owned enterprises has not been re-organized as directed. It still continues under the "administration section" of the ministry of economy rather than being transferred to the "industry section" of the ministry of economy. In the chief administration the dualistic system has continued with two directors with equal rights which has only led to fruitless arguments and decreased the importance of the administration.

In the enterprises the role of the directors has been reduced to re possible technical functions. Their right to dispose of production is limited to values up to 20 RM. All business matters are handled by the workers' council which, however, is not charged with the least responsibility for the condition of the enterprise. Work discipline is still too low in the plants.

In some plants the planned volume of production is not attained. Individual plants suffer losses and the chief administration makes no complaint. Such a condition gives reason to assume that this is actually the result of the wishes of some individuals in the ministry who wish to compromise the state-owned enterprises and cause their collapse, thus undermining the economic foundations for the democratization of Germany.

I order

- a) The minister of economy, Dr. Appell, is to be told how purposeless his attitude toward state-owned industry is, since its result is a retarding of production in the various enterprises.
- b) The "main administration" of the state-owned enterprises in the "Industry Administration" is to be subordinated to the minister of economy and the Industrie Verwaltung is to be made completely responsible to the minister of economy for conditions in the state-owned enterprises.
- c) The main administration of the state-owned enterprises is to be reorganized to include the following technical divisions:
 - 1) metal processing industry
 - 2) glass and ceramic "
 - 3) textile industry
 - 4) wood processing "
 - 5) building materials "
 - 6) other

One director and the necessary deputies are to be appointed to head the administration and an end is to be put to

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the present system of divided authority. The main administration (especially the technical department) is to be strengthened by the acquisition of better experts and experienced production technicians.

- d) A directive on the rights and privileges of a director of a state-owned enterprise in the State of Thuringia is to be drawn up and submitted to the Industry Division of SMA Thuringia by 25 June 1947 for approval. This directive must cover the following points:
- 1) The right of the director to sole authority in the factory.
 - 2) Freeing the director from petty supervision and interference in technical work by the workers' council.
 - 3) Full responsibility for the functioning of the plant, its profitability, and the fulfillment of plan on the basis of far-reaching initiative and enterprise.
 - 4) Accounting by the director to the main administration of state-owned enterprises.
 - 5) Relations between the director and the workers' council and the trade unions.
- e) The transfer of the factories to the possession of the State of Thuringia is to be concluded and be made legally final. The directors and engineers are to be surveyed, unsuitable persons replaced, and necessary additional help selected and assigned to positions. Fulfillment of this point is to be reported to me by 20 June 1947.
- f) Enterprises turned over by the SAC are to be made the property of the State of Thuringia by legal process.
- g) By 1 July 1947 all plants transferred are to be renamed "state" with corresponding changes in seals, stamps, signs, etc.; old names and trademarks will be retained in parentheses with the word "former" as a temporary measure to advertise the new owner.
- h) Compliance with this order is to be reported to me by 30 June 1947 by the Chief of the Industry Division of SMA Thuringia.

Chief of Administration of SMA
Thuringia:
General Kolesnichenko

Chief of Staff of SMA Thuringia:
General Smirnov

For the Administrative Chief of
Staff of the Administration of
SMA

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Guards Capt. of
the Administration : Fedun
Division

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